

# Memo

To: Montana Wheat and Barley Committee

From: Terry Whiteside

Date: January 30, 2009

Re: Transportation Report



---

## RAILROADS CONTINUE TO SHOW HIGHER PROFITS EVEN THOUGH TRAFFIC IS FALLING – MOST SHOWING ALL-TIME RECORD PROFITS FOR THE YEAR

### ► Railroads Increase Net on Lower Traffic Volumes

**BNSF** – 4<sup>th</sup> Quarter up 19% on 7% drop in volume – increasing revenue mainly on coal, chemicals and grain

**UP** – 4<sup>th</sup> Quarter up 35% on 12% drop in volume –

**CSXT** - 4<sup>th</sup> Quarter up 16% on 9% drop in volume

All railroads indicate weaker nets in future due falling fuel surcharge numbers

**Norfolk Southern** - 4<sup>th</sup> Quarter up 13% with records set for the year in Operating Revenues (up 13%), Net income (up 17%) and diluted earnings per share (up 23%)

All railroads indicate weaker nets in future due falling fuel surcharge numbers and continued falling volumes.

The Most Notable Quote: **CSX CEO Ward told Wall Street Analysts last week, that he is willing “in most cases” to lose customers rather than lower prices.**

Editor's Note: Company's that operate with customer's that have competitive alternatives could not hope to survive with this kind of marketing.

---

**NEWS FLASH: AT THE SAME TIME THE RAILROADS ARE SHOWING ALL-TIME RECORD PROFITS – THEY ARE SEEKING ECONOMIC AID FROM THE GOVERNMENT!**

*(Reprinted with permission from Frank Wilner)*

## Rail Group Seeks Track to Stimulus Funds (Jan. 24)

One must wonder just how far down the road to socialism and serfdom Congress wants to take the American taxpayer when it seriously considers providing subsidies to freight railroads that are remarkably profitable.

Indeed, Warren Buffett's Berkshire Hathaway fund has increased its holdings in BNSF Railway to some 22 percent, and some one-third of the shares of other major railroads have been gobbled up in recent months by domestic and off-shore hedge and investment funds.

Wall Street analysts and rail officials have been widely quoted as to the industry's sustainable pricing power, which stems from so many of its customers who ship coal, chemicals and grain having no effective alternatives to rail.

Indeed, the House and Senate Judiciary committees appear serious about putting a bridle on rail monopoly power by -- gasp -- subjecting railroads to the same antitrust laws as other American industry (See, H.R. 233 and S. 146).

Subsidizing profitable railroads with earmarks in a stimulus package -- railroads that are demonstrably exploiting their market power -- painfully and recklessly adds to the financial train wreck we already are bestowing upon our children and grandchildren.

Frank N. Wilner  
Alexandria, Va.

(Frank N. Wilner is a transportation economist and author, former chief of staff to the vice chairman of the U.S. Surface Transportation Board, and former president of the Association for Transportation Law, Logistics & Policy.)

[fnw.rail@att.net](mailto:fnw.rail@att.net)

(703) 304-7022

### **RAILROAD ANTI-TRUST BILLS INTRODUCED IN 111<sup>TH</sup> CONGRESS BY THE COMMITTEE CHAIRMAN: H.R. 233 AND S. 146**

Chairman John Conyers of the House Judiciary Committee and Chairman Patrick Leahy of the Senate Judiciary Committee have each introduced bills to lift the Anti-Trust immunity from the railroads. This effort appears to be a follow-up to Rail Anti-Trust bills that were reported to the floor in both the House and Senate.